

To: The Sovereign Review Team

Re: Comments on Columbia River Treaty

It is my understanding through the calculations made by BPA and other organizations that the Canadian Entitlement within the current Columbia River Treaty is much too generous to Canada. For a variety of reasons and variables which did not materialize the entitlement is over calculated. If the treaty is re-negotiation it could result in an increase in annual revenue to U.S. stakeholders in the region of between \$180 and \$280 million per year.

Bonneville forecasts Entitlement payments in 2025 to be 450 aMw of energy and 1,300 MW of capacity. Contrasting this they project the actual benefits at that time to be just 90 aMw of energy and 0 MW of capacity. At a time when capacity in the region is in very short supply this seems to be grossly out of proportion and demands that it be addressed. Bonneville is in desperate need of upgrades and additional maintenance and by their own admission will be out of borrowing authority by 2016. Having this additional energy and capacity available to sell on the market will provide much needed capital for those projects.

Another issue that should be addressed is how flood control is being funded. Any payments to Canada for flood control must come from the tax payers of the United States and not solely from the rate payers of the Pacific Northwest. In other areas of the country where the Corp of Engineers build flood control projects (New Orleans) it is done through tax payer support. Rate payers here continue to pay for all aspects of the Federal Hydro System but should be paying for only those functions that surround the generation of electrical energy. It's time for everyone that receives benefits from the system to participate financially in its costs of operation. For example Lincoln Electric's share of the Entitlement is \$425,000 annually. That equates to 10 percent of our wholesale power bill and I do not know how much is applied to flood control but any is too much for this economically depressed area.

While many in public power strongly believe the Treaty should be terminated and while it may seem counter to my earlier arguments, I do so with reservations. The treaty should be re-negotiated but with definite restrictions as to who benefits and to who receives any return of the current entitlement. There are already those who see any return of entitlement as a source of new funding for pet ecosystem projects. While I support a science-based approach to fish and wildlife management related to the Treaty and in the Columbia River Basin, we need to be very careful that any new ecosystem management program or policy that comes out of new treaty negotiations follows just such an approach.

Thank you for this opportunity to comment on the possible re-negotiation of the Columbia River Treaty. I know you will do what is in the best interest of those who must endure of the cost of any agreement.

Sincerely,

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